

**EXHIBIT T**



# Flashpoint™

FLASHPOINT

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Flashpoint is a British based entertainment financier operating globally and investing, as a venture capitalist, in the world of film, television and ancillary rights such as merchandising and multi-media. It is a bridge between the world of institutional finance and the world of entertainment.

Flashpoint's primary emphasis is to invest in film and drama for television broadcasters. It is examining options for investing in advertising and broadcasting in general, whilst giving special attention to documentaries and children's programming. It provides support for those of its films that are released theatrically. In addition, it also invests in new production facilities and technology.

In the future, Flashpoint will be looking to manage and own the whole spectrum of activities contributing to the success of its own projects; from development, through to the production, sale, distribution, theatrical release and broadcasting of the finished product.

T BEAUCLERC ROGERS IV

DAVID FORREST



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### The Lincolnshire Partnership

UK based retail insurance broker arranging all production insurances, and servicing the Flashpoint family for financial guarantees

### Alchemy Ltd

A European business for projects emanating from Europe

### Premiere Home Entertainment New South Entertainment

US based video distribution company for Flashpoint and external projects

## Flashpoint™

### AKA Movies

A sales agent selling independent films and providing consultancy services to Flashpoint

### Artist View Entertainment

A sales agent selling independent films and providing consultancy services to Flashpoint

### Ice Storm Holdings

### Ice Storm Studio

Owners of the studio complex in Montreal offering studio facilities

### Ice Storm Digital Studio

Provider of state of the art equipment for post production services to users of the studio complex

### Ice Storm Equipment

Production services company offering all production services to all users of the facility

### New Beginnings Enterprises Inc

The parent company of the Los Angeles operation providing administrative and management services

### New Standard Post

A self-contained post-production facility located in the heart of Hollywood, capable of providing services for up to six films simultaneously

### Prosperity Pictures

Film production company, currently commissioned to make up to 15 films

### New Beginnings Media

Sales agent for films produced by Prosperity Pictures and New City Productions

### The Building

Owners of The Building in Hollywood in which NBE and all of its subsidiaries are located

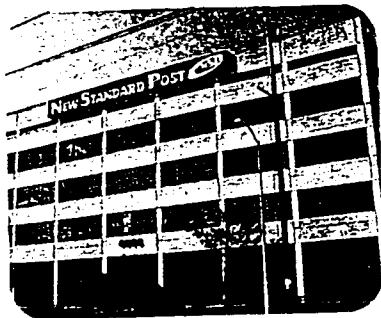
### New Dimensions Film & Video

Sales agent for domestic and foreign rights



FLASH POINT

new standard post



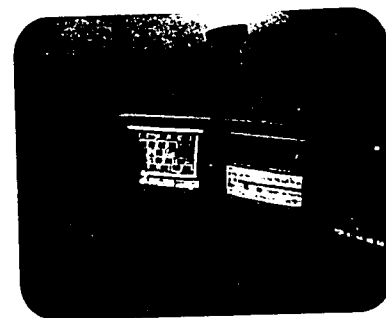
Situated in the heart of Hollywood on Santa Monica Boulevard, New Standard Post is Los Angeles' newest and most modern self-contained post production facility.

New Standard Post boasts state of the art technology. The building houses two sound stages both with full THX certification, 96 channel audio mixing and 35mm and video projection.



There are ADR facilities, a full foley stage and the technology control centre where all magnetic and optical storage is managed and distributed throughout the building using fibre optic networks.

The building includes film editing and special effects suites. There are eight non-linear editing suites all equipped with Avid software and two special effect suites which house Discreet Logic \* Flame and 3D Studio Maxx systems.



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prosperity pictures



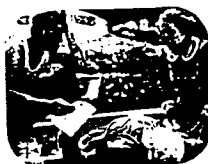
Prosperity Pictures is a film production company specialising in medium budget family oriented motion pictures.

To date Prosperity Pictures has produced in excess of eight films for Flashpoint with a further 15 in the pipeline.



Using the facilities under the management of New Beginnings Enterprises, Prosperity Pictures is able to produce its films in a professional and efficient manner.

Prosperity Pictures is currently completing the romantic comedy Love and Action in Chicago, starring Kathleen Turner, Courtney Vance, Regina King, Ed Asner and Jason Alexander.



FLASHPOINT

production companies



### prosperity pictures

The team at the in-house production company of New Beginnings Enterprises, has made in excess of ten films for Flashpoint and this is in addition to the films produced by the predecessor company "7.23". Utilising all the facilities within the family.

### regent entertainment

Flashpoint has co-produced in excess of ten films with this Los Angeles based production company. Regent has excellent credentials in producing good quality family entertainment. The most notable film produced under co production was the Oscar winning "Gods and Monsters" starring Ian McKellen, Brendan Fraser and Lynn Redgrave, a film about the last few weeks in the life of James Whale, the producer of the first two of the 1930's Frankenstein movies.



### rojak films

This Los Angeles based production company specialises in low budget action movies. The films are shot in a relatively short time locally which minimises costs throughout all areas of the budget.

### award entertainment

This Los Angeles based production company has produced four movies for Flashpoint at the higher end of the budget scale. They are all in the range of US\$3.5m - US\$4.5m.



# Flashpoint<sup>TM</sup>

## Project Finance Analysis

## introduction

In the beginning, Flashpoint's role was as risk manager and finance arranger, bringing together film producers and financial institutions and creating ways where all parties could achieve their own goals. Several projects including motion pictures and television series, were financed on this basis.

In 1997, it became apparent to Flashpoint that the way forward was for Flashpoint itself to become an equity investor in these entertainment projects and maintain control of the project from start to finish.

Flashpoint, today, now has the ability not only to finance a film, but can provide practical assistance for any financed film. Within the family of Flashpoint, we have in-house post-production facilities, which are used for Flashpoint productions and where we can ensure that the productions are being made within the correct budgetary constraints as well as maintaining the highest technical levels required for delivery to the buyers.

This facility has a more material use to Flashpoint in the role as risk manager of its productions. If the production company contracted physically to make the film is unable for whatever reason to complete delivery on time and on budget, then Flashpoint can recover the elements, ie. celluloid, video tape, sound tracks etc, and can complete delivery of the film using its own resources. This allows Flashpoint the comfort of knowing that if the contracted producer is unable to follow Flashpoint's requirements that it can still complete any production and maintain its delivery schedule for investment recoupment.

## risk profile film

It is important to Flashpoint that the product it finances has a global family appeal. When looking at the making of film, one must decide who the audience is, and the market forum. The major studios are able to spend large sums of money to promote any film they may make, have major "stars" on payroll, and huge technical in-house resources at their beck and call which gives rise to major box office revenues, and more importantly extremely large budgets! Flashpoint cannot and does not wish to compete with the Studios.

To this end, Flashpoint has identified its desired market as the family at home in front of its television. With its decision to aim for this market, we have looked at various budget levels, genre of family entertainment and its ability to generate applicable revenue streams to recoup sufficient funds to support the level of investment.

At the present time, Flashpoint has concentrated on film budgets below US\$6m. (See Fig 1). A requirement for a project to be given the go-ahead by Flashpoint is that the minimum sales estimates, provided by an independent sales agent, are at least 150% – 160% of the budget, ie. a maximum of US\$10m.

An analysis of the current funded projects within certain budget ranges highlight Flashpoint's spread of projects ranging from budgets below US\$1m up to a range in excess of US\$4m. (See Fig 2).

	< US\$1m	US\$1-2m	US\$2-3m	US\$3-4m	> US\$4m
Number of Films	2	6	14	12	2
Total Budgets	1,535,078	7,758,781	34,064,220	40,014,822	8,899,747
Average Minimums (US\$)	2,199,000	2,627,500	3,372,090	5,131,411	7,040,250

Fig 2 Budget Range

As previously mentioned, Flashpoint's audience is the family and to this end, the majority of our films are geared to family, adventure and comedy movies. The chart below highlights the emphasis on this genre of films. (See Fig 3).

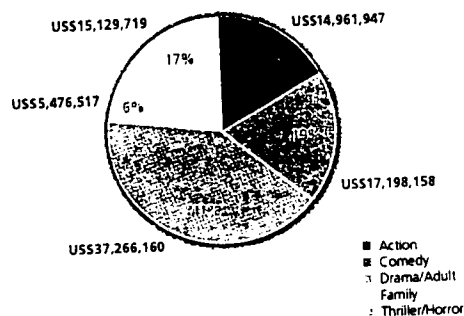


Fig 3 Total Budget Value by Film Genre

US \$10m

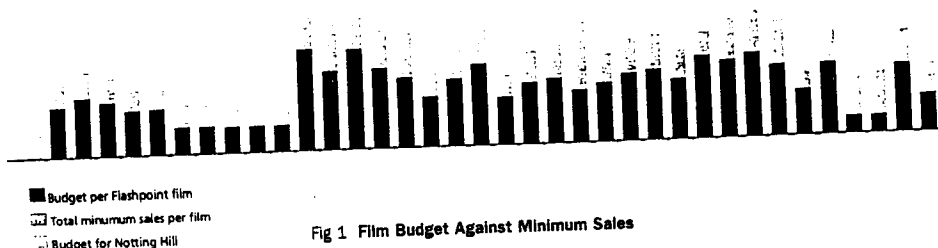


Fig 1 Film Budget Against Minimum Sales

## **risk profile television**

The advent of digital television broadcasting has opened up a wealth of opportunities to the programming makers around the world. The increased bandwidth available to digital broadcasters enables them to deliver pictures of superior quality with CD quality sound, free from the ghosting and interference inherent with an analogue signal.

The next generation of TV receivers, which are currently available to the public in the USA and Japan, are capable of displaying high definition television images. These HDTV sets can display an image with over 1000 lines of horizontal picture detail compared with the 525 lines of a NTSC picture.

Foreseeing the demand for good quality high definition programming, Flashpoint has invested heavily in the necessary technology and expertise to be able to deliver products using this new medium. Flashpoint has to date invested over US\$20,000,000 in *The Secret Adventures of Jules Verne*, the world's first drama series filmed entirely using high definition video cameras from Sony.

This material is produced and edited in Flashpoint's Icestorm facility in Montréal, a fully self-contained high definition film studio with full picture and audio post-production facilities. This building also houses the largest digital green screen in North America, which enables the crew to produce the stunning digital composite shots that are the trademark of the show and which give it such a unique visual appeal.

To date 22 episodes of the show have been completed. Flashpoint has given its backing to at least another 22 episodes, such has been the media interest in the project. Response from broadcasters has been so good in fact that it is expected that the US domestic alone will generate revenues in excess of 50% of the per episode budget.

## sales analysis

Flashpoint does not underestimate the importance of the role of the sales agents in its products. To this end, we now have three sales agents within the Flashpoint family. The importance of sales estimates and their accuracy has led Flashpoint to take majority shareholdings in two independent sales agents: On the West Coast of USA, Artist View and on the East Coast, AKA Movies. Both of these independent companies provide Flashpoint with practical assistance in the selling of its product. They can provide independent verification of sales estimates that may accompany a project, and also give assistance in drawing up a sales strategy either film or slate specific.

When looking at sales estimates provided by sales agents for our product, we have found that generally almost 75% of the average minimum sales emanate from 10 territories with the remaining 25% coming from other 170 countries around the world. (See Fig 5-10).

When analysing the top ten territories further, we have found that, in general, each territory will pay a similar monetary amount regardless of genre or budget size. However, the larger the budget, the more the buyers will insist on looking at the genre and content before agreeing a price.

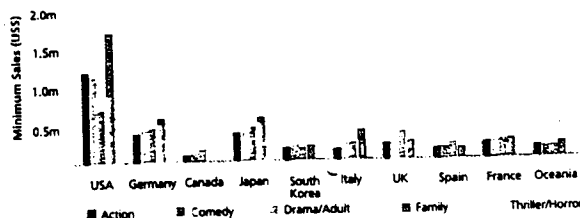


Fig 4 Average Minimum Sales in each Territory Categorized

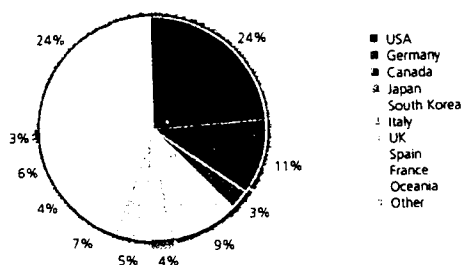


Fig 5 All Budgets

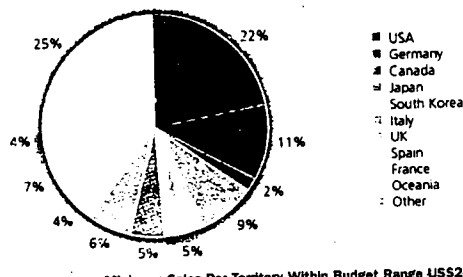


Fig 6 Average Minimum Sales Per Territory Within Budget Range < US\$1m

Fig 8 Average Minimum Sales Per Territory Within Budget Range US\$2-3m

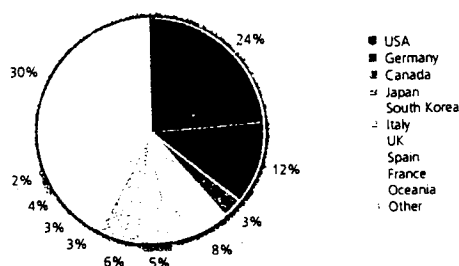


Fig 7 Average Minimum Sales Per Territory Within Budget Range US\$1-2m

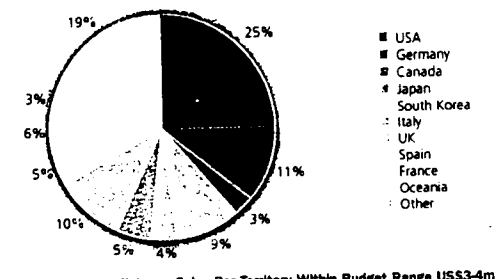


Fig 9 Average Minimum Sales Per Territory Within Budget Range US\$3-4m

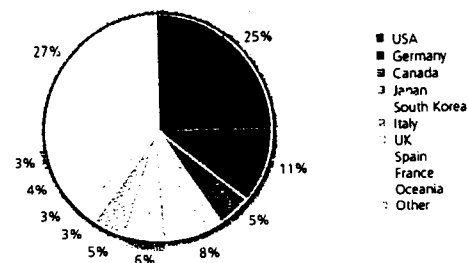


Fig 10 Average Minimum Sales Per Territory Within Budget Range > US\$4-5m

## **risk management controls**

When a film is financed by Flashpoint there are certain requirements/controls that Flashpoint enforces.

A guarantee of completion is required for all Flashpoint films. The guarantor signs off on all costs relating to the production and oversees the production from the time the first dollar is drawn to the completion and delivery of the film on time and on budget.

A monitor is assigned to follow the production from start to finish. They are people within the entertainment industry who have had experience in the making of films. They are charged, by Flashpoint, to oversee the drawdowns of funding and generally monitor that the production is proceeding at a reasonable pace in line with expectations. They remain as an independent observer, liaising with the production company and Flashpoint.

Flashpoint requires that all productions purchase traditional entertainment insurance such as Producers Errors and Omissions, Cast Insurance and Film Producers Indemnity. It is a contractual requirement of the financing that Flashpoint is named on each of these policies as their respective Flashpoint rights and interests may appear. To ensure that this is complied with, Flashpoint has now set up its own retail insurance broker and placed a facility for all Flashpoint business.

The facility automatically names Flashpoint as a joint insured. This enables Flashpoint to know:

- a) that all required insurance are in place;
- b) producers are purchasing the required limits and scope of coverage; and finally
- c) that producers are purchasing at the lowest prices, as they are getting the benefit of bulk buying.

With New Standard Post as a stand alone post production facility, Flashpoint will be looking for all post production for US product to be completed at NSP. This will ensure that all the elements required for delivery reach a minimum quality control standard across the board enabling Flashpoint to, at a moment's notice, take over the production if necessary.

When a production begins, all funding requests are signed off by the production company, the completion guarantor and the Flashpoint monitor prior to Flashpoint sending funds. The production company supplies a cost report to the completion guarantor and monitor which details the use of funds. In addition, each production house will undergo an external audit during the course of the investment. This audit is conducted by independent auditors instructed by Flashpoint in London.

# **Flashpoint™**

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Production Companies

**imagine films**

This independent production company is based in the UK. The principal is Simon Channing Williams who has produced amongst others, the winner of the 1997 Palme d'Or *Secrets and Lies* and *Career Girls* for Flashpoint. The films that Imagine are producing for Flashpoint are at the higher end of the budget range at US\$5m per film.

**new city productions**

This production company is based in Vancouver. They specialise in producing films within the US\$3.6m – US\$4m range, whereby they are co-producing with Flashpoint and qualifying for the Canadian Government Subsidy schemes where appropriate.

**the jules verne partnership**

This production is to make a television series chronicling the adventures of Jules Verne with the assistance of Phileas Fogg, Rebecca Fogg (the first female British Secret Agent) and Passepartout, Phileas Fogg's loyal valet.

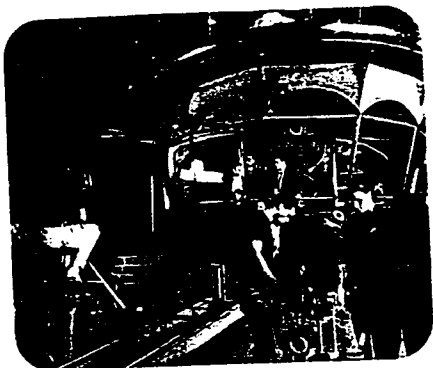
**edgewood studios**

Edgewood Production's is a Vermont based production company which has enjoyed some success in making sub-US\$1m movies. They take advantage of lower labour costs and the breathtaking New England scenery to make outdoor family adventure movies.



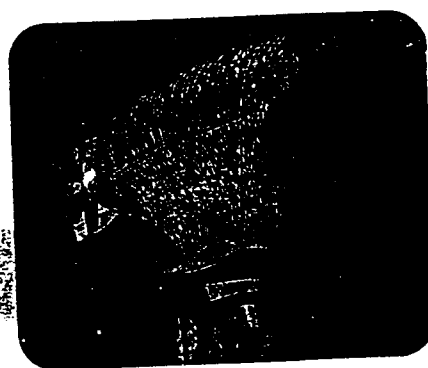
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the Jules Verne Partnership



The Jules Verne Partnership is a collaboration between Talisman, Filmline and Crest to produce 22 episodes of the world's first High Definition drama series. Flashpoint has invested in excess of US\$20m in the project.

The show is filmed in a former Canadian Pacific railroad shed which affords over 100,000 square feet of studio space. This has been adapted into five sound stages, one of which houses one of the largest digital green screens in North America.



The show is a truly multi-national project with cast from the UK, USA and Canada and a panel of talented and experienced directors from each country. Among this panel is Pierre de Lespinois, a veteran American director who counts one Oscar® and eleven Emmys to his name.



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Ice storm digital studio



Ice Storm Digital Studio provides the technical expertise to realise the vision of the creators of Jules Verne. The images are captured using state-of-the-art Sony HDCAM video cameras and images are immediately transferred into Icestorm's studio network.

The images are manipulated and enhanced using software from Discreet Logic and Intergraph workstations to the stunning 3D digital effects which are the trademark of the show.



Final assembly of the show is achieved using Avid Media Composer to produce a final EDL and then the show is on-lined at full resolution allowing delivery at the full high definition specification 1080i.

